

**Your  
China  
Strategy.**

# **China's 15<sup>th</sup> Five-Year Plan: Localize or Lose?**

Webinar

March 19, 2026

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## Agenda

- **What are FYPs & What's Special This Time**
- **Localization or Lose?**
- **Implications**
- **Q&A**

# The Five-Year Plan: What it is and what it is not



## Strategic Direction

**Is:** A high-level blueprint outlining national priorities and development goals



## Signal

**Is:** A meaningful indicator of policy



## Trajectory

**Is:** Best interpreted relative to previous Five-Year Plans to understand shifts in priorities



## Operational Detail

**Is Not:** A detailed implementation plan with specific measures or timelines



## Slogan

**Is Not:** Mere rhetoric without real implications



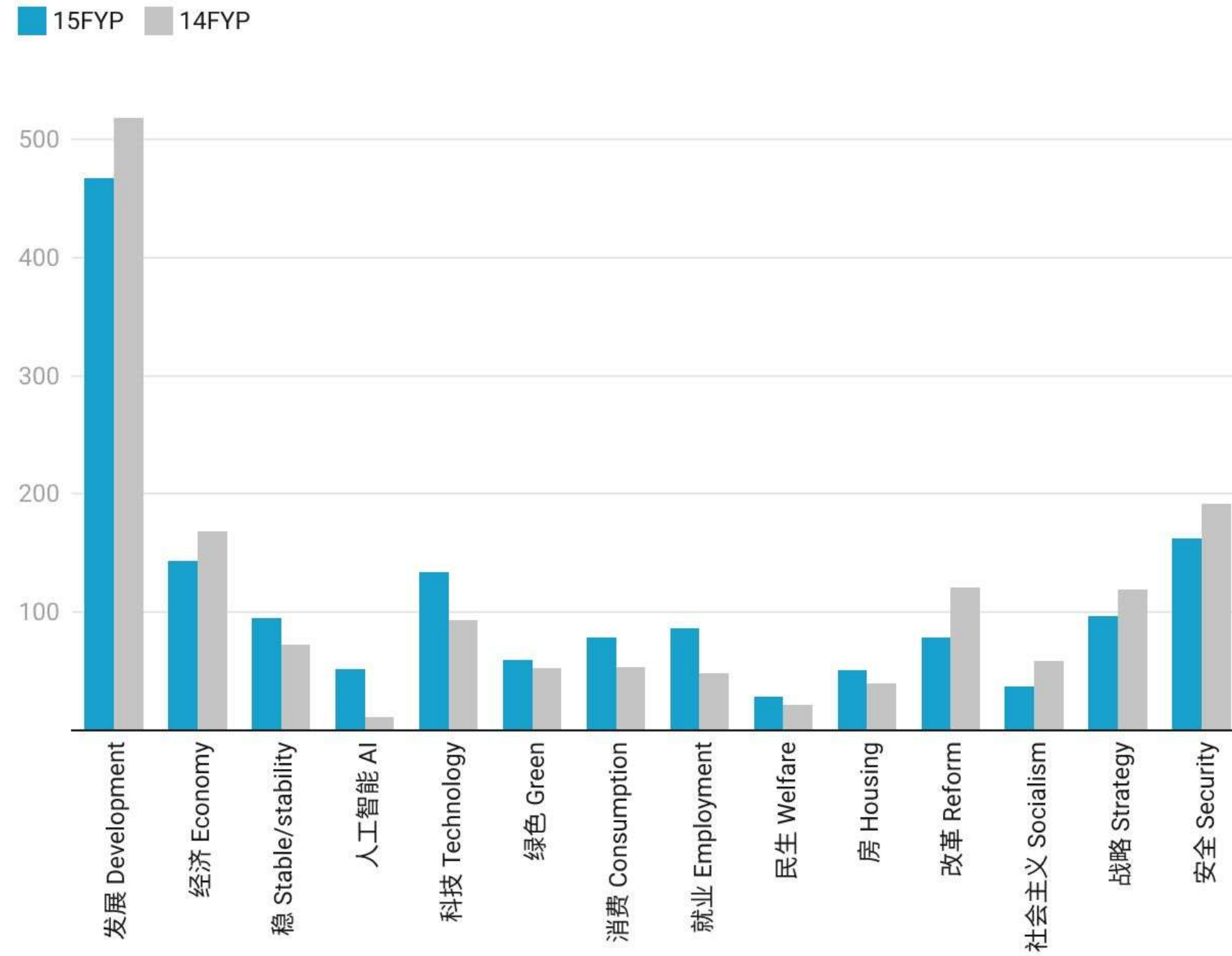
## Standalone

**Is Not:** A document that could be analyzed in isolation



# What's special about the 15FYP: Keywords change indicates a change in growth model and policymaking mindset

## Keyword Count



### Fast growth → Economic stability

发展 (Development): 518 → 467 (-10%)  
 经济 (Economy): 168 → 143 (-15%)  
 稳 (Stable/Stability): 73 → 95 (+30%)

### Technology becomes the core battleground

人工智能 (AI): 11 → 52 (+373%)  
 科技 (Technology): 93 → 134 (+44%)  
 绿色 (Green): 53 → 60 (+13%)

### Welfare moves up the agenda

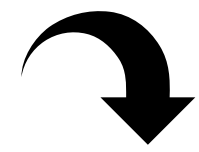
就业 (Employment): 48 → 86 (+79%)  
 消费 (Consumption): 54 → 79 (+46%)  
 民生 (Livelihood/Welfare): 22 → 29 (+32%)

### Reform and ideology recede

改革 (Reform): 121 → 79 (-35%)  
 社会主义 (Socialism): 59 → 37 (-37%)  
 安全 (Security): 192 → 162 (-16%)

# What's special about the 15FYP: Supply chain security receives special treatment in both strategy and actionable details

## Other Areas: Strategy Without Specifics



### Significant Strategic Shift

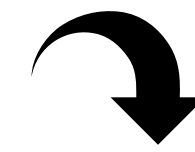
- **Rebalancing toward consumption-driven growth**
- A shift from the investment- and export-led model emphasized previously



### With Limited Actionable Details

- **Avoids hard numerical targets** such as consumption as a share of GDP
- **Strategic flexibility** as the transition unfolds
- **Policy tools will come later**

## Supply Chain: Strategic + Actionable



### Increased Strategic Emphasis

- 14FYP focused on **industrial upgrading**
- 15FYP adds stronger emphasis on **industrial resilience and supply-chain security**



### AND Actionable Measures

- Industrial chain **risk monitoring**
- Strategic **backup production** bases
- Stronger control over **critical materials and technologies**

# How to Localize: Latest domestic product definition policy with 10-year window period before full implementation

- On 30 September 2025, the State Council issued the Notice on Implementing Domestic Product Standards in Government Procurement. Effective 1 January 2026.
- China is introducing a cost-based definition of “domestic products” for public procurement.

**Physical baseline requirement** 1




- Substantive manufacturing must be completed domestically. Packaging, relabeling and assembly, does not qualify as in-country production.

**Additional requirement for selected products** 3

- Key components and critical processes must be completed domestically.
- “Other” requirements might apply .

**Value requirement** 2

- Domestic component costs must reach the prescribed threshold.
- Product-specific thresholds to be set by the Ministry of Finance with industry authorities.

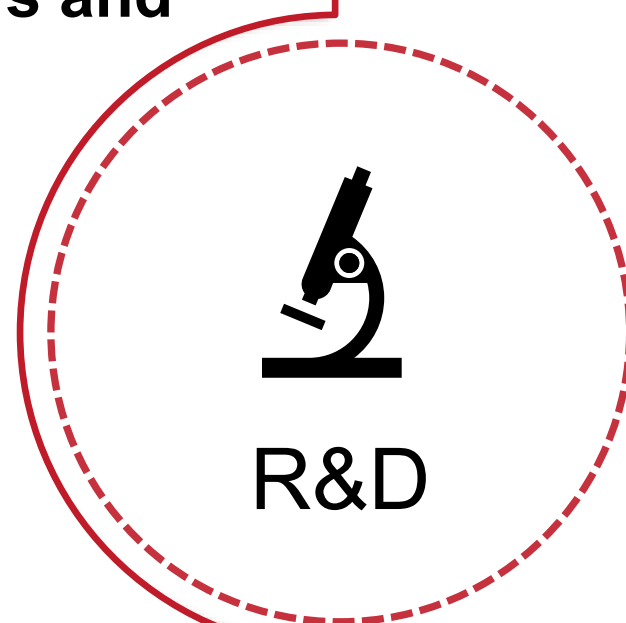
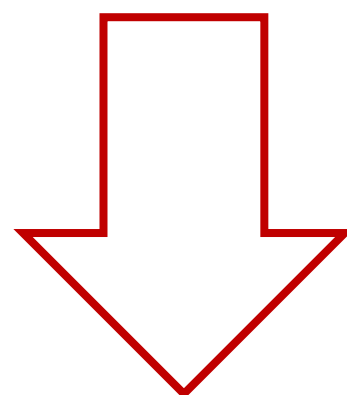
<b>Cost of components produced within CN</b> 	<b>Tier-1</b> components, directly assembled into the final product	<b>Tier-2</b> components, directly assembled into Tier-1 components
	<b>Tier-2 components:</b> Are they produced <b>within CN</b> ? <b>Yes:</b> Full cost counted <b>No:</b> Cost counted as zero	
<b>Total component cost of the product</b>  	Includes the total cost of all components (regardless of domestic or overseas origin)	
$\frac{\text{Cost of components produced within China}}{\text{Total component cost of the product}} \geq \text{Prescribed threshold}$		

! Domestic products **receive a 20% price deduction** for bid evaluation purposes.

! To be defined across sectors/ products

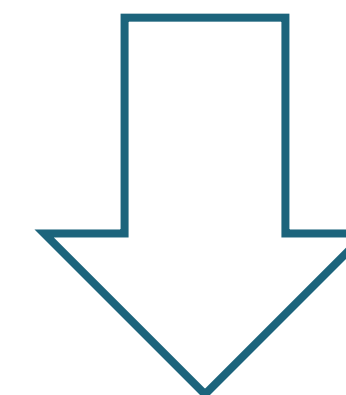
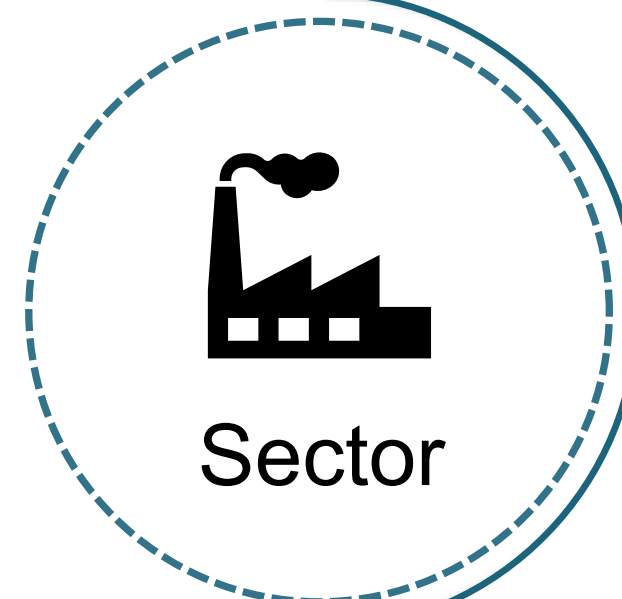
## Why Localize: Localization pressure could be both a risk and an opportunity – choose your game wisely

- Emphasizes industrial ecosystems **linking firms, universities, and research institutes.**
- Promotes **industrial clusters and innovation alliances.**



*Firms with **localized R&D ecosystems** may see increased access to **policy support, innovation networks, and industrial programs***

- Tech self-sufficiency now top priority
- Expands support for **future industries and frontier technologies**



*High policy pressure and local competition in sectors designated as **strategic focus and national security relevant***

# Strategic options: Is it worth it to localize?



- Beware of hidden/local protections
- Think about your endgame: export from China, or...?

Let's  
stay in  
touch.



Contact us for more information.

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